WIELAND ELECTRIC GMBH A

v.

INDUSTRIAL AUTOMATION (M) SDN BHD & ANOR

HIGH COURT MALAYA, KUALA LUMPUR B
AZIZAH NAWAWI JC
[ORIGINATING SUMMONS NO: 24IP-14-06-2013]
4 MARCH 2014

INTELLECTUAL PROPERTY: *Trade marks - Registered trade mark - Expungement - Locus standi - Whether challenged - Whether plaintiff aggrieved person - Whether trade mark distinctive of plaintiff - Whether plaintiff rightful proprietor of trade mark - Whether registration obtained by proper means - Whether trade mark should be allowed to remain on register - Trade Marks Acts 1976, ss. 10(1)(e), (2A), 25 & 45(1)(a)* C D

INTELLECTUAL PROPERTY: *Trade marks - Registration - Whether obtained by fraud - Whether agent misled and misrepresented to Registrar - Whether agent rightful proprietor of trade mark - Whether validity of registered mark could be challenged - Trade Marks Act 1976, s. 37* E

The plaintiff, incorporated in Germany, was part of Wieland Group, which had subsidiaries and/or is represented in over 70 countries worldwide. The plaintiff was a manufacturer of electrical connection technology for automation technology and building installation. The plaintiff alleged that since its inception in 1910, it had been trading under the name 'Wieland' and had been using the signs and logos of the company in the course of its trade since 1997 in many countries. In 2001, the plaintiff entered into an agency agreement with the first defendant appointing the first defendant as the sales agent for Wieland products in Malaysia. On or about 6 October 2005, the first defendant had applied for the registration of a trade mark identical to the Wieland Trademarks in its own name ('the subject trade mark') which was subsequently registered by the Registrar of Trade Marks on 14 December 2011. Prior to the registration of the subject trade mark, the plaintiff enquired about the trade mark application stating that it did not authorise the filing of the application and demanded that the defendant immediately take steps to stop the registration of the trade mark. In their reply *via* e-mail, the first defendant admitted to filing the registration without consulting the plaintiff and requested that the plaintiff allow the trade mark application F G H I

to proceed to registration and thereafter, the first defendant would take the necessary steps to assign the registered trade mark to the plaintiff. However, the first defendant had refused, failed or neglected to assign the subject trade mark to the plaintiff despite the requests and demands to do so. As a result, the agency agreement between the plaintiff and the defendant was terminated and the plaintiff filed an originating summons seeking several declaratory orders against the defendant, *inter alia*, order that the subject trade mark be expunged from the Register.

Held (allowing application with costs):

(1) Under s. 45(1)(a) of the Trade Marks Act 1976 ('the Act'), the plaintiff must show that they were aggrieved in order to establish their *locus standi*. There was nothing in the affidavit of the first defendant that challenged the *locus standi* of the plaintiff, whereas, from the affidavits of the plaintiff, the plaintiff was an aggrieved person under s. 45(1)(a) of the Act, *ie*, by the first defendant's registration of the subject trade mark. The first defendant's registration of the subject trade mark would have the effect of granting the defendant an exclusive right to the Wieland Trademarks in Malaysia and this will disrupt the business operations of the plaintiff to sell its Wieland products. As the plaintiff had terminated the agency agreement altogether and had other business partners in Malaysia, the Wieland products were still being sold in Malaysia. (paras 19, 20 & 21)

(2) The plaintiff had established the first use of the Wieland Trademarks in Malaysia prior to the registration date of the subject trade mark. Based on the agency agreement and the e-mails of the first defendant, it was without doubt that it was the plaintiff who was the owner of the marks and they were the ones who first intended that their mark should be used in Malaysia. The act of the first defendant in promoting the Wieland Trademarks and the Wieland Goods formed part of its obligations to the plaintiff as its sales agent in Malaysia. Such activities did not accord the defendant any ownership rights over the Wieland Trademarks. Being the rightful proprietor of the subject trade mark, pursuant to s. 25, only the plaintiff had the legal right to make the application to the Registrar for the registration of the trade mark. (paras 26, 29, 30 & 33)

(3) The first defendant had misled and misrepresented itself to the Registrar by claiming to be the rightful proprietor of the Wieland Trademark *via* the statutory declaration. This was clearly a fraud as the first defendant had merely been an importer and/or the agent and/or distributor of the plaintiff in Malaysia at all material times. Section 37 of the Act allows the validity of the registered mark to be challenged, *inter alia*, where the original registration was obtained by fraud. Premised on finding that the first defendant had obtained the registration of the subject trade mark by fraud, the first defendant could not seek the protection of s. 37 of the Act. (paras 40 & 44)

(4) The first defendant had represented to its customers that they were the sole agent of Wieland products, among others, in Malaysia. Therefore, the registration of the subject trade mark would entitle the first defendant to affix the subject trade mark on goods of the defendant's manufacture. This would likely deceive and cause confusion to the public and therefore, the registration of the subject trade mark should not be allowed to remain on the Register. (paras 47 & 48)

(5) Under s. 10(1)(e) and 10(2A) of the Act, a mark should only be registered if it is distinctive, *ie*, the trademark must be capable of distinguishing the goods with which the proprietor is connected in the course of trade from goods which no such connection subsists. The subject trade mark was not distinctive of the goods of the first defendant, since, at all material times, the defendant was only the sale agent/distributor/importer of the plaintiff's Wieland products. (paras 50 & 51)

(6) The failure of the plaintiff to file an opposition to the first defendant's registration did not preclude the plaintiff from taking the action premised on s. 45(1) of the Act. The first defendant was aware that it was not the rightful proprietor of the subject trade mark, more so when the plaintiff had always maintained its position that it was the rightful proprietor of the subject trade mark. The defendant had also undertaken to transfer the registration of the subject trade mark to the plaintiff, but they had failed to do so. (paras 56, 57 & 58)

A **(7)** There had not been any delay in the application given the fact that the subject trade mark was only accepted to be registered on 14 December 2011 and the parties had been trying to settle the dispute amicably since then. This application was filed after negotiation between the parties failed resulting in
B the termination of the agency agreement on 11 March 2013. Further, the exercise of the court's discretion must be against those who had committed fraud. The plaintiff was seeking an enforcement of their statutory rights pursuant to the Act and mere delay after knowledge of infringement does not deprive
C the applicants of their statutory rights or appropriate remedies. As the plaintiff had made a case under s. 45 of the Act, the declarations and the orders sought must therefore be allowed. (paras 60, 61, 62 & 64)

D **Case(s) referred to:**

Agricultural and Processed Food Products Export Development Authority of India (APEDA) & Ors v. Syarikat Faiza Sdn Bhd [2011] 9 CLJ 394 HC ***(foll)***

Faber Merlin (M) Sdn Bhd & Ors v. Lye Thai Sang & Anor and Tan Kim Chua Realty (M) Sdn Bhd v. Lye Thai Sang & Anor [1985] 1 LNS 44
E *FC* ***(refd)***

Hai-O Enterprise Bhd v. Nguang Chan [1992] 4 CLJ 1985; [1992] 2 CLJ (Rep) 436 HC ***(refd)***

Ho Tack Sien & Ors v. Rotta Research Laboratorium S.p.A & Anor [2012] 8 CLJ 645 CA ***(refd)***

F *Jost Cranes GmbH & Co KG v. Jost Cranes Sdn Bhd [2010] 1 LNS 331 HC* ***(refd)***

Lim Yew Sing v. Hummel International Sports & Leisure A/S [1996] 4 CLJ 784 CA ***(dist)***

Luk Lamellen Und Kupplungsbau GMBH v. South East Asia Clutch Industries Sdn Bhd [1996] 3 CLJ 904 ***(refd)***

G *McLaren International Ltd v. Lim Yat Meen [2009] 4 CLJ 749 FC* ***(refd)***

Meidi (M) Sdn Bhd v. Meidi-Ya Co Ltd, Japan & Anor [2008] 1 CLJ 46 CA ***(refd)***

Moorgate Tobacco Co Ltd v. Philip Morris Ltd (No 2) [1984] 156 CLR 414 ***(refd)***

H *Regent Pumps Pty Ltd & Anor v. Keylargo Industrial Sdn Bhd [2009] 2 CLJ 303 HC* ***(refd)***

RH Macy & Co Inc v. Trade Accents [1992] 1 SLR 581 ***(refd)***

Vidal Dyes Ltd v. Levinstein [1912] 29 RPC 245 ***(refd)***

Yong Teng Hing B/S Hong Kong Trading Co & Anor v. Walton International Ltd [2012] 6 CLJ 337 FC ***(refd)***

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Legislation referred to:
Trade Marks Act 1976, ss. 10(1)(e), (2A), 14(1)(a), (b), 25(1), 37, 45(1)(a), 46(1)

Other source(s) referred to:
The Declaratory Judgment, Zamir and Woolf, p 107 para 4.005

For the plaintiff - Kuek Pei Yee (Sri Richgopinath with her); M/s Skrine
For the defendant - Ravin Woodhull (HN Wong with him); M/s Huei & Co

Reported by S Barathi

JUDGMENT

Azizah Nawawi JC:

Application

[1] The plaintiff's originating summons ('the OS') dated 21 June 2013 is seeking several declaratory orders against the defendant, namely:

(i) a declaration that the Trade Mark Registration No. 05016795 for wieland is an entry made on the Register of Trade Marks without sufficient cause;

(ii) a declaration that the Trade Mark Registration No. 05016795 for wieland is an entry wrongfully remaining on the Register of Trade Marks;

(iii) a declaration that the defendant had wrongfully applied for and obtained the registration of Malaysian Trade Mark Registration No. 05016795 for wieland;

(iv) a declaration that the defendant is not the rightful proprietor of the "wieland" mark;

(v) a declaration that the plaintiff is the rightful proprietor of the wieland mark;

(vi) a declaration that the Trade Mark Registration No. 05016795 for wieland is an entry made on the Register of Trade Marks without sufficient cause;

(vii) a declaration that the Malaysian Trade Mark Registration No. 05016795 wieland for was obtained by the defendant by fraud; and

(viii) an order that the Malaysian Trade Mark Registration No. 05016795 for wieland:

(a) be expunged from the Register of Trade Marks Malaysia; or

(b) alternatively, be varied to substitute the name of the plaintiff instead of the defendant as the registered proprietor of Malaysian Trade Mark Registration No. 05016795 for "wieland".

[2] The grounds of the application are as follows:

(i) the plaintiff is the rightful proprietor of the wieland mark;

(ii) the defendant is merely a distributor at the time the application for registration was submitted and has no authority to apply to register the wieland mark;

(iii) the registration was obtained by fraud committed on the Registrar of Trade Marks; and

(iv) the registration should not have been allowed as it is identical with the plaintiff's wieland mark and therefore registration and use of mark by the defendant is likely to deceive and cause confusion to the public.

The Salient Facts

[3] From the submissions of the parties, the facts disclosed that the plaintiff, which was founded in 1920, is a company incorporated in Bamberg, Germany and a manufacturer of electrical connection technology for automation technology and building installation. The plaintiff forms part of the Wieland Group which has subsidiaries and/or is represented in over 70 countries worldwide.

[4] The plaintiff says that since its inception in 1910, it has been trading under the name Wieland. The plaintiff has been using the mark wieland (the "W" device together with the word mark WIELAND) in the course of its trade since 1997 in many countries. The plaintiff has been using similar signs and logos (the "W" device and/or its variations, either together or separately with, the WIELAND word mark and/or its variations) for more than 40 years ("the Wieland trade marks").

[5] The plaintiff says that it has a long, continuous and extensive worldwide use of the Wieland trade marks which is a well-known mark internationally and that the plaintiff and/or entities under the Wieland Group have established themselves in the industry as the sole manufacturer of Wieland products.

[6] As such, the plaintiff has obtained an international trade mark registration with IR No. 686241 for wieland on 6 December 1997 under the Madrid System and other international trade mark registration for the "W" device and WIELAND word marks under the Madrid System, national trade mark registrations in Germany for the Wieland trade marks, and trade mark registrations in many other countries all over the world for Wieland trade marks since 1963.

[7] From the corporate profile of the first defendant, the first defendant was incorporated on 1 September 1976 and is the distribution arm of Vitar Bros Group of Companies, a supplier of industrial electronic and electronic products. The first defendant claims to be the sole distributor, as well as manufacturer of many reputable and leading names of a range of electrical and automation products.

[8] On 21 May 2001, the plaintiff entered into an agency agreement with the first defendant wherein the first defendant was appointed as the sales agent for the Wieland products in Malaysia. The salient terms of the agency agreement are as follows:

(i) under cl. (1), the first defendant is to sell the 'WIELAND' products within Malaysia;

(ii) under cl. (2), the first defendant is 'not to sell, produce or have produced any goods directly or indirectly which are competitive to 'WIELAND' products, are identical or similar to them or have the capability of being used as a substitute for them';

(iii) under cl. 12, the first defendant 'operates in the territory for 'WIELAND' as agent on commission basis as well as distributor'; and

(iv) under cl. 12a, the first defendant 'will observe the market situation, guard the interest of WIELAND in the territory'.

[9] On or about 6 October 2005, the first defendant had applied for the registration of a trade mark identical to the Wieland trade marks in its own name *vide* Trademark Application No. 05016795 in respect of terminal blocks, heavy duty connector, PCB connector, input/output modules, all in included in Class 9 (hereinafter referred to as "subject trade mark"). The subject trade mark was subsequently registered by the Registrar of Trade Marks on 14 December 2011.

[10] In an email dated 24 October 2011, the plaintiff wrote to the first defendant to enquire about Trademark Application No. 05016795, stating that the plaintiff did not authorise the filing of the application and to demand that the defendant immediately took steps to stop the registration of the trade mark.

[11] On or about 3 November 2011 (see exh. "JG-10"), the first defendant responded by way of email to include the following statements:

> Regarding the registration of Wieland trademark, we confirm we did proceed to perform the trademark registration in 2005.
>
> We apologize for not discussed with you prior to this as we thought as a responsible distributor; we must act quickly to protect the interest of manufacturer and its brand name.
>
> Development after 2005/2006
>
> - We managed to register couple brand names on time, together with relevant principal manufacturers support; we have taken action against those unethical importer and sellers
> - ...
> - For the last couple of years, the imitation goods activity had scaled down tremendously, as such we did not aggressively follow up with the trade mark authority on Wieland trade mark registration.
>
> **Remarks**
>
> - After successful taken effective action against some unethical importers, we have arranged with relevant principal manufacturer for transferring back the trademark registration.
> - So far, respective principal manufactures were thankful for our proactive action in protecting their brand name in Malaysia.

Latest Situation

- As mentioned, the imitation goods had scaled down tremendously, as such we did not follow through the trade mark registration file.

- In fact, if not receiving your email, and checked our file, we may have forgotten our registration for Wieland that is still under processing.

Commentary

- If we drop it now, the registration has to start from zero.

Request and Proposal

- We have checked the file, the registration is already at the last stage that is gazette stage.

- Shortly after the gazette date, the registration certificate will be issued.

- Thereafter, we can arrange within Wieland and IA for the transfer.

- We request that you let IA proceed to obtain the registration, later we shall arrange to relevant transfer.

- This is easy as we have done this with other principal manufacturer.

Once again, sincere apologies for not checking or alert prior our action, giving you shocking moments.

Looking forward to receiving your positive news on our request and proposal.

[12] From the said email, the first defendant had admitted to filing the registration without consulting the plaintiff, the principal manufacturer and requested that the plaintiff allow the Trademark Application No. 05016795 to proceed to registration and thereafter, the first defendant would take the necessary steps to assign the registered trade mark to the plaintiff.

[13] However, the first defendant had refused, failed or neglected to assign the subject trade mark to the plaintiff despite the requests and demands to do so.

[14] As a result of the refusal of the first defendant to assign the subject trade mark back to the plaintiff, on or about 11 March 2013, the agency agreement between the plaintiff and defendant was terminated and the plaintiff subsequently filed the OS.

[15] In his statutory declaration dated 5 October 2005, Chin Kim Wah, the general manager of the first defendant declares that the first defendant is "the *bona fide* proprietor of the mark, a representation of which appears below and the applicant is entitled to be registered as the proprietor of the same in class 9 wieland".

The Plaintiff's Submission

[16] It is the plaintiff's contention that it is entitled to rectify the register with regards to the impugned marks on the following grounds:

(i) the plaintiff is an aggrieved person under s. 45(1) of Act 175;

(ii) that the plaintiff is the lawful proprietor of the wieland mark ('the subject trade mark') in Malaysia;

(iii) that the defendant is merely a distributor at the time the application for registration was submitted and has no authority to apply to register the subject trade mark;

(iv) that the subject trade mark offended s. 14(1)(a) of Act 175 it is likely to deceive and cause confusion to the public; and

(v) therefore, in the circumstances, this court must exercise its discretion to allow the application.

The First Defendant's Submission

[17] The first defendant submits as follows:

(i) that the plaintiff did not come to court with clean hands, as they have full knowledge on the details of the registration and failed to oppose the registration;

(ii) that there has been an inordinate delay in filing this application;

(iii) that the allegation of fraud must be proved beyond reasonable doubt; and

(iv) that pursuant to s. 37 of Act 175, the registration of the first defendant is conclusive.

The Findings Of The Court

Whether The Plaintiff Is An Aggrieved Person

[18] The plaintiff's application herein is pursuant to s. 45(1) of the Trade Marks Act 1976 ('Act 175') which provides as follows:

> 45. (1) Subject to the provisions of this Act:
>
> (a) the Court may on the application in the prescribed manner of any person aggrieved by the non-insertion in or omission from the Register of any entry or by any entry made in the Register without sufficient cause or by any entry wrongfully remaining in the Register, or by any error or defect in any entry in the Register, make such order for making, expunging or varying such entry as it thinks fit.

[19] Under s. 45(1)(a) of Act 175, the plaintiff must show that they were a person aggrieved in order to establish their *locus standi*. I take note that there is nothing in the affidavit of the first defendant that challenged the *locus standi* of the plaintiff, in that the plaintiff is not a person aggrieved under s. 45(1)(a) of Act 175. On this, I adopt the reasoning of Justice Azahar Mohamed in *Agricultural and Processed Food Products Export Development Authority of India (APEDA) & Ors v. Syarikat Faiza Sdn Bhd* [2011] 9 CLJ 394 where His Lordship held at p. 402:

> I do not feel that further elaboration on this issue is necessary considering the fact that the respondent did not specifically in any of its affidavits plead that the applicants are not persons aggrieved within the meaning of that provision. In his way, the respondent is deemed to have accepted that the applicants are persons aggrieved (see: *Sunrise Sdn Bhd v. First Profile (M) Sdn Bhd & Anor* [1997] 1 CLJ 529).

[20] In any event, I am also of the considered opinion that from the affidavits of the plaintiff, the plaintiff is an aggrieved person under s. 45(1)(a) of Act 175. In *McLaren International Ltd v. Lim Yat Meen* [2009] 4 CLJ 749; [2009] 5 MLJ 741 on the issue of whether the appellants were a person aggrieved under s. 46(1) of Act 175, the Federal Court held at p. 759 (CLJ); p. 750 (MLJ):

> [22] We understand that passage as laying down the principle that a person aggrieved is a person who has used his mark as a trademark – or who has genuine and present intention to use his mark as a trademark – in the course of a trade which is the same as or similar to the trade of the owner of the registered trademark that the person wants to have removed from the register.

[21] In the present case the plaintiff is aggrieved by the first defendant's registration of the subject trade mark. The first defendant's registration of the subject trade mark would have the effect of granting the defendant an exclusive right to the Wieland trade marks in Malaysia. This will disrupt the business operations of the plaintiff to sell its Wieland products. As the plaintiff has terminated the agency agreement altogether and has other business partners in Malaysia, the Wieland products are still being sold in Malaysia. The plaintiff intends to use the Wieland trade marks in Malaysia and to continue marketing the Wieland products. Further, first defendant's registration of the subject trade mark will prevent the plaintiff from expanding its business in Malaysia especially given the fact that the plaintiff's and the defendant's trade are similar.

Whether The Plaintiff Is The Rightful Proprietor Of The Wieland Trade Marks

[22] In *Ho Tack Sien & Ors v. Rotta Research Laboratorium S.p.A & Anor* [2012] 8 CLJ 645, the Court of Appeal held that:

> [24] In our judgment, before a court of law expunges an existing trademark, the court must be conscious of several factors. The first is that the burden of demonstrating that the registration was wrongly entered falls on the applicant, in this case the respondents. Secondly, the court must be conscious that even assuming the respondent succeeds in proving that there is a basis to expunge the trade mark, this does not necessarily imply that the court would order the expungement. The court always retains the discretion as to whether the mark should be expunged ...

[23] The next issue to consider is whether there is any merits in the plaintiff's application, in that the plaintiff must establish that the registration by the first defendant was wrongly entered. The Federal Court in *Yong Teng Hing B/S Hong Kong Trading Co & Anor v. Walton International Ltd* [2012] 6 CLJ 337 held in para. 7:

> It must also be noted that under the provisions of the Trade Mark Act 1976 ("the Act") *priority to a trade mark is not necessarily accorded to the first party or the first user to file the trade mark*. We agree with the submission of learned counsel for the respondent that the entitlement to a trade mark is dependent on a number of factors. Such factors for consideration are *whether the applicant is the bona fide proprietor of the trade mark pursuant to s. 25 of the Act* and *whether the trade mark qualifies for registration pursuant to s. 10 of*

the Act particularly whether the mark is distinctive of the applicant. A factor to be also considered is *whether the trade mark shall be prohibited from registration pursuant to other provisions of the Act, such as ss. 14 and 19 of the Act.* (emphasis added)

[24] The first issue is whether the plaintiff is a *bona fide* proprietor of the trade mark pursuant to s. 25(1) of Act 175, which reads as follows:

25. (1) Any person claiming to be the proprietor of a trade mark used or proposed to be used by him may make application to the Registrar for the registration of that mark in the Register in the prescribed manner.

[25] In *Jost Cranes GMBH & Co KG v. Jost Cranes Sdn Bhd* [2010] 1 LNS 331; [2010] 4 MLJ 191, Justice Azahar Mohamed held that case laws have established that courts are prepared to infer first prior user of a particular trade mark in respect of goods applied for from small amount of use and testing. His Lordship also referred to an Australian case of *Moorgate Tobacco Co Ltd v. Philip Morris Ltd (No 2)* [1984] 156 CLR 414 where it was held that there is no need to establish local reputation by the foreign owner and that a prior transaction would be viewed favourably if it could be considered to fall within the definition of use of trade mark.

[26] From the affidavit evidence before this court, I am of the considered opinion that the plaintiff has established the first use of the Wieland trade marks in Malaysia prior to the registration date of the subject trade mark, that is 6 October 2005. My reasons are as follows:

(i) The plaintiff first sold the Wieland products in Malaysia on or about 1984. The Wieland products were supplied by the plaintiff to a Singaporean company, Isolectra Far East Pte Ltd, which in turn supplied the Wieland products to members of the trade and public in Malaysia through its subsidiary, Isolectra Malaysia Sdn Bhd (Company No. 10264/81). The contract in essence appointed Isolectra Far East Pte Ltd as the plaintiff's agent in Singapore, Malaysia and Indonesia. The supply of Wieland products in Malaysia through Isolectra Far East Pte Ltd and its subsidiary company ceased in 1997 (See exh. JG-3);

(ii) On or about the year 2000, the plaintiff embarked on a possible collaboration with Dom Industries Sdn Bhd to be the plaintiff's distributor in Malaysia. However this business

relationship did not mature into a more permanent one. Around the same time, Isolectra Malaysia Sdn Bhd was also continuing its post termination obligation to supply to its existing customers (See exh. JG-4);

(iii) On or about 1996, the plaintiff's subsidiary company in the United Kingdom, Wieland Electric Ltd, was awarded a sub-contract for the supply and installation of various products bearing the Wieland trade marks, including without limitation products for modular wiring in the ceiling and power distribution system under the floor, for the construction of the Petronas Twin Towers (See exh. JG-5);

(iv) Subsequently, in 1997, Wieland Electric Ltd set up a regional office in Malaysia to oversee Wieland Group's business in Malaysia. This is evidenced by the contract of employment of Paul Ingman and Tracey Ingman where Paul Ingman was appointed as the regional manager effective from 3 March 1997 whereas Tracey Ingman was appointed as administration manager effective from 1 September 1997 (See exh. JG-6);

(v) Added to that, before the registration date of the subject trade mark, that is 6 October 2005, the plaintiff has been distributing and selling its "WIELAND" products in Malaysia through its agent and distributor, the first defendant under the agency agreement since 21 May 2001. The first defendant did not dispute the agency agreement in their affidavit. From the agency agreement, the first defendant is the plaintiff's agent and distributor to sell the 'WIELAND' products within Malaysia on a commission basis. Therefore, at all material times, the Wieland products that were sold by the first defendant in Malaysia were manufactured by the plaintiff or its appointed manufacturer and imported by the defendant. This can be seen from the invoices at exh. JG-9 pp. 263 to 275 that were issued by the plaintiff to the defendant for such supply of Wieland products between 5 July 2001 and 22 April 2005;

(vi) Finally, as can be seen from the email dated 3 November 2011, the first defendant had admitted that they did not discuss with the plaintiff prior to the filing of the application. In the said email, the first defendant admitted that it has registered the mark in order to 'protect the interest of the manufacturer (the plaintiff) and its brand name'. The first

defendant also promised that once the registration is obtained, the subject trade mark would be transferred to the plaintiff. From the said email, it is very clear that the first defendant was very much aware that it is not the rightful owner of the subject trade mark, and that it clearly recognised that the plaintiff is the rightful proprietor of the same.

[27] In *Hai-O Enterprise Bhd v. Nguang Chan* [1992] 4 CLJ 1985; [1992] 2 CLJ (Rep) 436, Justice Mahadev Shanker held at p. 1992:

> Generally speaking it is the manufacturer of the goods who is entitled to be registered as the owner of any mark he attaches to identify his goods, not the person who imports these goods into this country. In certain circumstances however, the importer can acquire that right as against the manufacturer where there is a contest between them.
>
> …
>
> It is important at all times to keep in the forefront of our minds that there is a clear distinction between the intellectual property in a trade mark, and the title to the goods upon which that mark is applied. So generally, a manufacturer continues to own the mark even though he has sold the goods. The object of the exercise is to indicate "origin". In its most elementary form the owner of the trade mark would be the trader whose connection is indicated by the use of the mark. That trader would be the owner of the mark at common law. Speaking generally in this case, it is common ground that the said mark was originally conceived in China for the purpose of indicating the Chinese connection with the goods. If the Chinese used or proposed to use this mark on their goods in Malaysia, then the said mark comes within the definition. So viewed, the propose meaning to be assigned to the term "proprietor" means the Chinese because they were the ones who first intended that their mark should be used in Malaysia when they agreed to allow Hai-O to import their goods under the sole agency agreement and did in fact so use the mark from the day the goods reached Malaysian soil.

[28] In *Meidi (M) Sdn Bhd v. Meidi-Ya Co Ltd, Japan & Anor* [2008] 1 CLJ 46, the Court of Appeal held that:

> Generally speaking it is the manufacturer of goods who is entitled to be registered as the owner of any marks he attaches to identify, not the person who imports these goods into this country.

[29] From the agency agreement and the emails of the first defendant, it is without doubt that it was the plaintiff who is the owner of the marks and they were the ones who first intended that their mark should be used in Malaysia. I am therefore of the considered opinion that the plaintiff was the first to use the Wieland trade marks in Malaysia and, therefore, is the rightful proprietor pursuant to s. 25(1) of Act 175.

[30] However, the first defendant submitted that they are the one who "popularized" the Wieland trade marks and the Wieland goods in Malaysia. On this I agree with the submission of the plaintiff any act of the first defendant in promoting the Wieland trade marks and the Wieland goods forms part of its obligations to the plaintiff as its sales agent in Malaysia. Such activities do not accord the defendant any ownership rights over the Wieland trade marks. Goodwill in the Wieland trade mark through such use by the defendant, if any, would accrue to the plaintiff. In *Jost Cranes* case, Justice Azahar (as His Lordship then was) held as follows:

> It is true that the Respondent had incurred various expenses in its efforts to promote and sell the construction cranes bearing the JOST Mark. Having regard to the factual matrix of the present case, in my view, such promotional efforts to sell the construction cranes bearing JOST Mark were construction cranes of the Applicant's manufacture (and not of the Respondent's); and further that promotional efforts to sell goods bearing a certain trade mark can be taken or deemed to be use of the said mark.

[31] It was also held in *Hai-O Enterprise Bhd* that an importer of such goods, notwithstanding the acquisition of a commercial reputation thereof, does not acquire any proprietary rights over a manufacturer's mark merely by being a conduit from manufacturer to ultimate consumer.

[32] Bearing in mind that the first defendant was only appointed as the sales agent and distributor for Wieland products in Malaysia on or about 21 May 2001 pursuant to the agency agreement, the first defendant cannot claim proprietorship of the Wieland trade marks in Malaysia.

[33] In the premise, I am of the considered opinion that the plaintiff is the rightful proprietor of the subject trade mark at all material times. Therefore, pursuant to s. 25, only the plaintiff has the legal right to make the application to the Registrar for the registration of wieland in the register.

Whether The Registration Of The Subject Trade Mark Was Obtained By Fraud

[34] In Chapter 8 of "*Trade Marks Law in Malaysia*" by Ida Madeiha bt Abdul Ghani Azmi, the author opines that s. 45(1)(a) allows the rectification of the register by the removal of marks; and that the marks can be removed from the register on several grounds, namely:

(i) for non-use;

(ii) for being non-distinctive; and

(iii) for being deceptive or fraudulent.

[35] It is the submission of learned counsel for the plaintiff that since the plaintiff is the rightful proprietor of the subject trade mark, the first defendant must have obtained the registration of the subject trade mark by fraud.

[36] In *Regent Pumps Pty Ltd & Anor v. Keylargo Industrial Sdn Bhd* [2009] 2 CLJ 303, Justice Ramly Ali (as His Lordship then was) held that several cases have shown that by registering the mark that belonged to another trader despite knowing the lawful proprietor of the mark is the other trader is considered as fraud under Act 175. As such, even though I agree with the submission of the first defendant that the standard of proof on an allegation of fraud must be one beyond reasonable doubt, the cases have established that the registering of a mark that rightfully belonged to another person constitutes a fraud committed on the Registrar.

[37] The position taken by Justice Ramly is premised on the case of *Luk Lamellen Und Kupplungsbau GMBH v. South East Asia Clutch Industries Sdn Bhd* [1996] 3 CLJ 904; [1997] 2 MLJ 724, which His Lordship referred to at p. 313 of the judgment. In this case, upon finding that the applicants were the lawful proprietors of the trade mark and that the respondents were aware of the fact, the court held at p. 911 (CLJ); p. 733 (MLJ) that:

> Knowing that the LUK trade mark belonged to the applicants, the respondents applied for and obtained registration of the trade mark as theirs in respect of their products. In making the application, they must have claimed that the trade mark belonged to them because, by s. 25 of the Act, they had to claim that they were the proprietors of the trade mark in order to qualify to apply. Since they were not, it was a false claim made for dishonest purpose, which was to become the registered proprietors of a

A trade mark that belonged to somebody else. It was a falsehood practised on the registrar to achieve a result that was adverse to the interests and rights of the applicants as the lawful proprietors of the trade mark.

B **[38]** In the *Hai-O* case, the court held that the registration by a local importer, even with the consent of knowledge of the foreign manufacturer, will be regarded as having been obtained by fraud on the Registrar and the Malaysian public. At pp. 2001-2002, it was held that:

C In the present case Hai-O was very well aware of the facts which obliges this Court to hold that in law their sale of Special Quality Ling Zhi Wine was tantamount to user by the Chinese. I also hold that they must have known that the Chinese were applying the said mark to other items in the same range exported by them for sale in Malaysia. *What distinguishes Hai-O from the facts in some*
D *of the cases cited is that they registered the mark with the knowledge and consent of the Chinese*. Perhaps they even honestly believed themselves entitled (in a subjective sense) to do as they did. *However I am compelled to hold on the facts that objectively viewed they were not entitled to say to the Registrar as they undoubtedly did that*
E *they were the proprietors of the mark*. Hai-O and the people advising them in 1981 must be taken to have known the law. Section 7 of the Act forbids the Registrar taking notice of a trust. The scheme of the Act imposes a duty on the applicant to disclose truthfully who the proprietor of the mark is. *By s. 25 of the Act*
F *only the person claiming to be the proprietor can apply in the prescribed manner. In a nutshell Hai-O misled the Registrar on a point which went to the root of the matter. I hold that in that sense a fraud was committed on the Registrar*. (emphasis added)

[39] In his statutory declaration dated 5 October 2005, Chin Kim
G Wah, the general manager of the first defendant declares that the first defendant is "the *bona fide* proprietor of the mark, a representation of which appears below and the applicant is entitled to be registered as the proprietor of the same in class 9 wieland".

H **[40]** Bearing in mind that the plaintiff is the rightful proprietor of the subject trade mark, the first defendant has misled and misrepresented itself to the Registrar by claiming to be the rightful proprietor of the Wieland trade mark *via* the said statutory
I declaration affirmed on 6 October 2005. This is clearly a fraud as the first defendant has merely been an importer and/or the agent and/or distributor of the plaintiff in Malaysia at all material times. Therefore this amounts to a fraud committed on the Registrar of Trade Marks.

[41] Added to that, I agree with the submission of the plaintiff that from paras. 8 and 9 of the plaintiff's affidavit in reply and exh. JG-14 at pp. 12 to 33 of the plaintiff's affidavit in reply, the first defendant is in the habit of registering trade marks belonging to foreign proprietors and/or manufacturers. From the first defendant's affidavit in reply, it is established that the defendant are merely "sole distributor" or "sole agent" of the said foreign trade marks which it has applied for or is registered as proprietor. This clearly demonstrates bad faith on the first defendant's part.

[42] In the premise, I am of the considered opinion that the first defendant had obtained the registration of the subject trade mark by fraud.

[43] The first defendant, however relied on s. 37 of Act 175, which provides that after the expiration of seven (7) years from the date of the original registration of the trade mark, then the registration is conclusive. Since the first defendant had applied for the registration on 6 October 2005, the seven years lapses on 7 October 2012. As such, the rights of the first defendant is conclusive under s. 37 of Act 175. Section 37 reads:

> 37. Registration conclusive
>
> In all legal proceedings relating to a trade mark registered in the Register (including applications under section 45) the original registration of the trade mark under the Act shall, after the expiration of seven years from the date thereof, be taken to be valid in all aspects unless it is shown that:
>
> (a) that the original registration was obtained by fraud;
>
> (b) that the trade mark offends against section 14; or
>
> (c) that the trade mark was not, at the commencement of the proceedings, distinctive of the goods or services of the registered proprietor, ...

[44] Since s. 37 of Act 175 allows the validity of the registered mark to be challenged in several situations, including where the original registration was obtained by fraud, then premised on my finding that first defendant had obtained the registration of the subject trade mark by fraud, then the first defendant cannot seek the protection of s. 37 of Act 175.

Whether The Registration Of The Subject Trade Mark Offends ss. 14(1)(a) And (b) of Act 175

[45] The Federal Court in *Walton International Ltd* (*supra*) also held under Act 175 the priority to a trade mark is not necessarily accorded to the first party or the first user to file the trade mark, but also depend whether the trade mark offends s. 14 of Act 175. Section 14(1)(a) and (b) provides as follows:

> 14. (1) A mark or part of a mark shall not be registered as a trade mark:
>
> (a) if the use of which is likely to deceive or cause confusion to the public or would be contrary to law; or
>
> (b) if it contains or comprises any scandalous or offensive matter or would otherwise not be entitled to protection by any court of law; ...

[46] In view of my finding that the plaintiff is the rightful proprietor of the Wieland trade marks and that the registration of the subject trade mark by the defendant is obtained by fraud, it is therefore likely to deceive or cause confusion to the public and is contrary to the law. Justice Ramly Ali in *Regent Pumps Pty Ltd* also referred to a Singapore case in *RH Macy & Co Inc v. Trade Accents* [1992] 1 SLR 581, where the court held that:

> To establish a mark offended against s. 15 of the Act, it is necessary only to show likelihood of deception or confusion and it is not necessary to show something further, such as some possible, probable showed that deception or confusion was likely and tangible amongst members of the public, *viz* ordinary and reasonable persons including Singaporean manufacturers.

[47] On the facts before me, there is likelihood of deception and confusion to the public whether the goods bearing the subject trademark belonged to the rightful proprietor, the plaintiff or the agent and distributor of the plaintiff's goods, the first defendant. The first defendant had represented to its customers that they are the sole agent of the Wieland products, among others, in Malaysia. Therefore, the registration of the subject trade mark would entitle the first defendant to affix the subject trade mark on goods of the defendant's manufacture. Once that happen the public would likely be deceived of the origin of such goods.

[48] Therefore, since the registration of the subject trade mark is likely to deceive or cause confusion to the public, the registration of the subject trade mark should not be allowed to remain on the register.

Whether The Registration Of The Subject Trade Mark Offends s. 10 of Act 175

[49] The case of *Walton International Limited* (*supra*) also held that priority to a trade mark is not necessarily accorded to the first party or the first user to file the trade mark but also depends on whether the trade mark qualifies for registration pursuant to s. 10 of Act 175.

[50] Under ss. 10(1)(e) and 10(2A) of Act 175, a mark should only be registered if it is distinctive, and distinctive means that the trade mark must be capable of distinguishing the goods with which the proprietor is connected in the course of trade from goods which no such connection subsists.

[51] Having considered the facts before me, I am of the considered opinion that the subject trade mark was not distinctive of the goods of the first defendant. This is because at all material times, the defendant was only the sale agent/distributor/importer of the plaintiff's Wieland products. This can be seen from the first defendant's own admissions in the defendant's affidavit in reply, that is:

(i) At paras. 8.1 and 8.3 of the first defendant's affidavit in reply, the first defendant averred that it is the sole distributor of many well-known branded products. At exh. CWK-2 at p. 13, it is evident that the defendant is the "Sole Distributor of Electrical and Automation Components" for various well-known brands, including "Wieland";

(ii) At para. 8.3 of the first defendant's affidavit in reply, the first defendant averred that it has been appointed to represent numerous world re known and well-known brands, and adduced copies of defendant's certificates of appointment by the owners of these well-known brands as evidence. These certificates are collectively annexed as exh. CKW-4. The said exhibit includes the Wieland brand as one of the well-known brands and this can be seen at pp. 54, 55 and 56 of exh. CKW-4;

(iii) At para. 8.5, the defendant stated that it first encountered and found out about the Wieland brand in early 90's when the deponent attended a trade exhibition known as the Messe Exhibition in Hanover, Germany;

(iv) At p. 45 of exh. CKW-3 of the defendant's affidavit in reply, it is clearly shown that the defendant represented itself as the exclusive distributor of terminal block and heavy duty connector bearing the Wieland trade marks;

(v) At p. 66 of exh. CKW-5 of the defendant's affidavit in reply, it is clearly shown that the defendant represented itself as the "sole agent" of various branded products, including products bearing the Wieland trade marks.

[52] In the premise, I am of the considered opinion that the subject trademark is still distinctive of the plaintiff, with the first defendant acting as the 'sole agent' of the said products, as they do for many other international brands.

Whether The Plaintiff Did Not Come To Court With Clean Hands, As They Have Full Knowledge On The Details Of The Registration And Failed To Oppose The Registration

[53] It is the contention of the first defendant that the plaintiff had full knowledge of the details of the registration, but failed to oppose the trade mark registration. The first defendant submits that from the email dated 3 November 2011 (see exh. JG-10 and CKW-4), the plaintiff knew about the steps taken by the first defendant to register the subject trade mark. When the gazette took place on 1 September 2011, they failed to file a notice to oppose within the two months period of opposition.

[54] On this point I agree with the submission of the plaintiff that the first defendant's contention cannot be correct for the following reasons:

(i) *Vide* email dated 24 October 2011 (See p. 278 of plaintiff's affidavit in support) the plaintiff confronted the first defendant on its wrongful attempted registration of the subject trade mark and demanded for the defendant to stop the registration immediately. The plaintiff further informed the first defendant that no such permission was given to the first defendant and that the plaintiff will oppose to the registration. The plaintiff further reiterated that the subject trade mark is the property of the plaintiff;

(ii) In reply to the said email, the first defendant on 3 November 2011 sent an email to the plaintiff: A

(a) apologised to the plaintiff for not first discussing with the plaintiff before filing the application. ("We apologize for not discussed with you prior to this as we thought as a responsible distributor; we must act quickly to protect the interest of manufacturer and its brand name") - see email; B

(b) explained to the plaintiff that, as a responsible distributor, the defendant thought it must act quickly to protect the interest of the manufacturer (ie, the plaintiff) and its brand name; C

(c) justified to the plaintiff that the reason the first defendant applied to register the subject trade mark was due to the rampant sale of fake goods bearing trade marks that belonged to foreign proprietors, which implied that the first defendant was merely "protecting" the plaintiff's interest in Malaysia. ("After successful taken effective action against some unethical importers, we have arranged with relevant principal manufacturer for transferring back the trademark registration") ("So far, respective principal manufactures were thankful for our proactive action in protecting their brand name in Malaysia" - see email); D E

(d) after making compelling arguments, the first defendant falsely represented that once registration is obtained, the subject trademark will be transferred to the plaintiff ("We request that you let IA proceed to obtain the registration, later we shall arrange to relevant transfer" - see email); F

(e) requested that the plaintiff allow the subject trade mark to proceed to registration which suggests that the first defendant requested for the plaintiff not to oppose to the registration of the subject trade mark; G

(f) apologise to the plaintiff for "not checking or alert prior our action, giving you shocking moments". H

[55] It is clear from the representations that the first defendant was fully aware of its wrongful application to register the subject trade mark which is rightfully owned by the plaintiff, thereby giving the plaintiff shocking moments. I

[56] I agree with the submission of the plaintiff that from looking at the contents of the first defendant's email dated 3 November 2011 as a whole, it is clear that the first defendant was aware that it is not the rightful proprietor of the subject trade mark. Furthermore, plaintiff had always maintained its position that it is the rightful proprietor of the subject trade mark and the defendant is well aware of this. Hence, it appears that the position taken by the first defendant now is in contradiction with the position taken previously. From the said email, there is also a clear undertaking by the first defendant that it would transfer the registration of the subject trade mark to the plaintiff, but they failed to do so.

[57] This clearly shows that the first defendant is dishonest, and acted in bad faith by blatantly making false representations to the plaintiff which goes to show that the intention of the defendant here is to hijack the goodwill and reputation in the subject trade mark which rightfully belongs to the plaintiff.

[58] In any event, the failure of the plaintiff to file an opposition to the first defendant's registration does not preclude the plaintiff from taking this action premised on s. 45(1) of Act 175. In *Walton International Limited* (*supra*), the Federal Court held that:

> [22] We are also of the view the *fact that the respondent had not appealed against the decision of the registrar in dismissing the respondent's opposition to the appellant's mark in Class 14 is likewise irrelevant*. On this point we would refer to the English Court of Appeal's case of *Special Effects Ltd v. L'Oreal SA* [2007] RPC 381 wherein it was held *inter alia* that *an opposition proceeding does not give rise to any estoppel to the same party from seeking to rectify the register by expunging the registered mark after an unsuccessful opposition*. This is because an opposition proceeding is inherently not final so as to be capable of being the basis for an issue estoppel. Similarly, in the case of *Dame Vivienne Westwood OBE v. Anthony Edward Knight* [2011] EWPCC 008, the court therein held that even if a person had pursued an opposition and lost, that person could still apply to invalidate and no cause of action estoppels nor issue estoppels would prevent it. We are therefore of the view that following the above cited case laws, *it remains open for the respondent to challenge the registration of the appellant's trade mark in Class 14 by relying on the provision of s. 45 of the Act in rectification proceedings*. (emphasis added)

Whether There Has Been An Inordinate Delay In Filing This Application

[59] The first defendant also submits that there has been an inordinate delay in this application as the subject trade mark was registered in 2011 and that the plaintiff has also failed to file a notice of opposition.

[60] I agree with the submission of the plaintiff that there has not been any delay in the application given the fact that the subject mark was only accepted to be registered on 14 December 2011 and the parties have been trying to settle the dispute amicably since then. This application was filed only after negotiation between the parties failed resulting in the termination of the agency agreement on 11 March 2013.

[61] In any event, the first defendant relied on the case of *Faber Merlin (M) Sdn Bhd & Ors v. Lye Thai Sang & Anor and Tan Kim Chua Realty (M) Sdn Bhd v. Lye Thai Sang & Anor* [1985] 1 LNS 44; [1985] 2 MLJ 380 which is a case on the exercise of discretion. However, bearing in mind that it was the first defendant who gave the plaintiff shocking moments and had requested the plaintiff to let them proceed with the registration on the understanding that "later we shall arrange to relevant transfer", and provided a false statutory declaration with regards to the ownership of the subject trade mark, then surely the exercise of the court's discretion must be against those who has committed fraud on the Registrar.

[62] Further, we are dealing with a statutory rights pursuant to Act 175, and the plaintiff is merely seeking an enforcement of their statutory rights. Justice Ramly Ali in *Regent Pumps Pty Ltd* (*supra*) held that mere delay after knowledge of infringement does not deprive the applicants of their statutory rights or appropriate remedies. His Lordship also referred to the case of *Vidal Dyes Ltd v. Levinstein* [1912] 29 RPC 245 where it was held in a patent case that mere delay in enforcing rights did not affect the legal position.

[63] The first defendant made reference to declaration being a discretion of the court and quoted the authoritative text of Zamir on '*The Declaratory Judgment*'. Paragraph 4.005 at p. 107 of Zamir reads:

> Whilst the court's jurisdiction to grant declarations is extremely wide, its general approach is that if a party has succeeded in his action he should not usually be sent away empty handed.

[64] In the present case, as the plaintiff has made a case under s. 45(1) of Act 175, then the declarations and the orders that they are seeking must be allowed.

[65] Finally, the first defendant placed heavy reliance on the case of *Lim Yew Sing v. Hummel International Sports & Leisure A/S* [1996] 4 CLJ 784; [1996] 3 MLJ 7 which held that there is nothing wrong for a Malaysian trader to become the registered proprietor of a foreign mark for similar foreign goods provided that the foreign marks has not been used at all in Malaysia. However, I am of the considered opinion that this case is distinguishable as unlike our present case, there is no relationship between the registered proprietor and the party seeking to expunge the mark. Further, in the *Hummel*'s case, there is no evidence that the applicant has used the subject mark or that there were sales of the subject mark before the date of registration.

[66] In *Walton International* case (*supra*), counsel also relied on the *Hummel* case. In distinguishing *Hummel*'s case, in para. (8), Federal Court held that:

> [8] The appellant has relied on the principle of law as laid down in the Court of Appeal's decision of *Lim Yew Sing v. Hummel International Sports & Leisure A/S* [1996] 4 CLJ 874 ("the *Hummel* case") to support his case that the first user and applicant for registration of a trade mark in a particular class is deemed to be the true proprietor of the said trade mark over another who has not shown prior use of an identical or similar trade mark in relation to goods in the same class. With respect, we could not agree with the contention of the appellant as *Hummel*'s case can be distinguished on the facts from the present case. We noted that the *Hummel's case did not decide the first user of the trade mark would be entitled to register the trade mark absolutely. In Hummel's case there was no issue of the foreign entity having used the trade mark at all in Malaysia prior to the application date* in respect of different but related goods unlike in the present case. The *Hummel*'s case involves an application to invalidate the Hummel trade mark registration which had been registered for more than seven years pursuant to s. 45 of the Act. (emphasis added)

Conclusion

[67] From evidence before me, I am of the considered opinion that the first defendant is not the rightful proprietor of Trade Mark Registration No. 05016795. It is the plaintiff who is at all material times the rightful proprietor of the subject trade mark.

The first defendant was merely the distributor and/or agent of the Wieland products has no sufficient cause to register the Wieland trade marks. Therefore, the registration of the subject trade marks offends s. 25(1) of Act 175.

[68] Further, the first defendant has also obtained the registration of the subject trade mark by fraud and that the registration is in contravention of s. 14(1)(a) as it is likely to deceive and cause confusion to the public. The subject trade mark is also not distinctive of the goods of the defendant but in fact is distinctive of the goods of the plaintiff. As such, the registration is in contravention of ss. 10(1)(e) and 10(2A) of Act 175.

[69] In the premise, as the plaintiff has satisfied s. 45(1) of Act 175, encl. (1) is allowed with costs and I make an order that the Trademark Registration No. 05016795 consisting of the Wieland trade marks be expunged from the Register of Trade Marks, Malaysia.